

Annual Financial Statements

for

NTAMBANANA MUNICIPALITY

for the year ended 30 June: **2016**

Province: KwaZulu Natal

AFS rounding: **R (i.e. only cents)**

Contact Information:	
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NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

General information

Members of the Council

GK Khumalo	Mayor
WK Vilakazi	Speaker
EM Chonco	Deputy Mayor
MJ Xulu	Exco Member
HC De Villiers	Mpac Chairperson
NR Mnyayi	Member
SZ Xulu	Member
TF Zincume	Member
ZZ Xulu	Member
SB Sibiya	Member
MM Cebekhulu	Member
KD Sibiya	Member
PSM Mchunu	Member
GF Biyela	Member
M Mkhize	Member
B Mabaso	Member

Municipal Manager (Acting)
Mr FS Mazibuko.

Chief Financial Officer

TRN Myeza

Grading of Local Authority

Grade 1

Auditors

Auditor General of South Africa

Bankers

ABSA

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General information (continued)

Registered Office: Ntambanana Municipality offices

Physical address:

Buchanana Reserve
Next to Buchanana Police Station
Ntambanana
EMPANGENI
3880

Postal address:

PRIVATE BAG X 20066
EMPANGENI

3880

Telephone number: 035 792 7091/2/3

Fax number: 0357927094

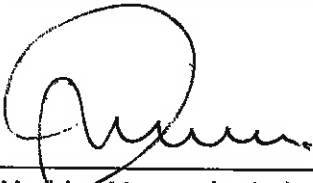
E-mail address: myezat@ntambanana.org.za

NTAMBANANA MUNICIPALITY
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 18 of these Annual Financial Statements are within the upper limits of framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager (Acting): Mr FS Mazibuko

DATE: 31 August 2016

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Ntambanana Municipality
Annual Financial Statements
Statement of Financial Position as at 30 June 2016

	Notes	June 2016	June 2015 - Restated
ASSETS			R
Current assets		18 871 782	24 728 639
Cash and cash equivalents	1	15 634 461	21 251 616
Trade receivables from non-exchange transactions	2	1 611 991	1 246 461
Other receivables from non-exchange transactions	3	-	1 262 000
VAT receivable	7	1 625 330	968 562
Non-current assets		88 200 414	69 804 511
Property, plant and equipment	4	88 160 970	69 709 318
Intangible Assets	5	39 443	95 194
Total assets		107 072 195	94 533 150
LIABILITIES			
Current liabilities		5 629 631	12 134 960
Trade and other payables	6	2 813 926	1 264 539
Current Portion of Finance Lease Liability	9	83 811	66 724
Current portion of unspent conditional grants and receipts	10	1 703 090	9 904 068
Provisions	8	1 028 804	899 630
Non-current liabilities		-	83 811
Finance Lease Liability	9	-	83 811
Total liabilities		5 629 631	12 218 771
Net assets		101 442 564	82 314 379
NET ASSETS		101 442 564	82 314 380
Accumulated surplus / (deficit)		101 442 564	82 314 380
Total net assets		101 442 564	82 314 380

Ntambanana Municipality
Annual Financial Statements
Statement of Financial Performance for Year Ended 30 June 2016

	Notes	June 2016	June 2015
		R	R
Revenue			
Non - Exchange Transaction			
Property rates	11	1 335 958	1 322 608
Government grants and subsidies	15	90 141 992	58 132 611
Provision for Bad Debts Adjustment	2	-	-
Interest earned - external investments	13	1 503 255	1 323 666
Interest earned - outstanding receivables	14	119 882	95 549
		93 101 087	60 874 434
Exchange Transaction			
Rental of facilities and equipment	12	18 585	27 336
Other income	16	416 154	279 452
		434 739	306 788
Total revenue		93 535 826	61 181 222
Expenses			
Employee related costs	17	16 420 408	12 838 156
Remuneration of councillors	18	4 202 443	4 026 209
Depreciation and amortisation expense	19	4 559 295	3 536 586
Repairs and maintenance	20	2 818 406	1 125 458
General expenses	21	24 504 191	16 340 373
Contracted services	22	3 126 089	3 022 502
Community Projects	23	18 465 368	5 023 351
Finance Charges	24	32 481	46 418
Contribution to provision		129 924	141 205
Provision for Bad Debts Adjustment	2	130 896	69 281
Total expenses		74 389 502	46 169 539
Assets Written Off/ Impairment		(18 140)	(2 365)
Surplus / (deficit) for the period		19 128 184	15 009 318

Ntambanana Municipality Annual Financial Statements Statement of Changes in Net Assets For the Year Ended 30 June 2016						
Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/ (Deficit)	Total: Net Assets	
	R	R	R	R	R	
Balance as at 30 June 2014 - Restated	-	-	-	67 305 061	67 305 061	
Surplus / (deficit) on revaluation of property of property, plant and equipment	-	-	-	-	-	
Net gains and losses not recognised in the statement of financial performance	-	-	-	-	-	
Transfers to / from accumulated surplus/(deficit)	-	-	-	-	-	
Surplus / (deficit) for the period	-	-	-	15 009 318	15 009 318	
Balance at 30 June 2015	-	-	-	82 314 380	82 314 380	
Surplus / (deficit) on revaluation of property of property, plant and equipment	-	-	-	-	-	
Net gains and losses not recognised in the statement of financial performance	-	-	-	-	-	
Transfers to / from accumulated surplus/(deficit)	-	-	-	-	-	
Surplus / (deficit) for the period	-	-	-	19 128 184	19 128 184	
Balance at 30 June 2016	-	-	-	101 442 564	101 442 564	

Ntambanana Municipality
Annual Financial Statements
Statement of Cash Flows for the year ended 30 June 2016

		June 2016	June 2015
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash Receipts from ratepayers, government and others		84 258 268	56 326 542
Cash paid to suppliers and employees		(68 525 152)	(43 951 239)
Cash Generated From Operations	25	15 733 116	12 375 304
Finance Income		1 503 255	1 323 666
Finance Costs		(32 481)	(46 418)
Net cash flows from operating activities		17 203 889	13 652 552
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)	4	(22 754 320)	(13 590 303)
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	-
Purchase of intangibles	5	-	(100 140)
Net cash flows from investing activities		(22 754 320)	(13 690 442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability	9	(66 724)	(51 670)
Net cash flows from financing activities		(66 724)	(51 670)
Net increase / (decrease) in net cash and cash equivalents		(5 617 155)	(89 561)
Net cash and cash equivalents at beginning of period		21 251 616	21 341 177
Net cash and cash equivalents at end of period	1	15 634 461	21 251 616

Ntambanana Municipality														
Statement of Comparison of Budget and Actual Information														
For the Year Ended 30 June 2016														
	Original Budget	Adjustment Budget		Final Budget		Actual Outcome		Variance		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	Restated Audited Outcome	Reasons to Variances
		R	R	R	R	R	R	(1)	R	(1)	%			
Budget on Accrual Basis														
Financial Performance														
Property rates	1 353 259	1 335 959	1 335 959	1 335 959	1 335 958	1 335 958					100%	99%	1 322 608	Improved internal controls on spending resulted in longer investments. Savings on Waste Management Grant ring fenced for spending in 16/17 FY Difference resulted from reserves utilisation
Investment revenue	1 131 539	1 131 539	1 131 539	1 131 539	1 623 137	1 623 137		491 598		143%	143%	1 323 666		
Transfers recognised - operational	64 848 000	71 573 990	71 573 990	71 573 990	67 462 492.59	67 462 492.59		(4 111 497)		94%	104%	44 190 259		
Other own revenue	136 156	14 886 395	14 886 395	14 886 395	434 739	434 739		(14 451 656)		3%	319%	402 337		
Total Revenue (excluding capital transfers and contributions)	67 468 954	88 927 883	88 927 883	88 927 883	70 856 327	70 856 327		(18 071 556)		80%	105%	47 238 870	Waste pickers wages re-allocated to Salaries and Wages Councillor membership was terminated Improved internal controls and under spending on waste activities.	
Employee costs	15 883 008	15 744 259	15 744 259	15 744 259	16 420 408	16 420 408		676 149		104%	103%	12 838 156		
Remuneration of councillors	4 595 365	4 595 365	4 595 365	4 595 365	4 202 443	4 202 443		(392 922)		91%	91%	4 026 209		
Depreciation & asset impairment	2 825 050	4 505 541	4 505 541	4 505 541	4 577 435	4 577 435		71 894		102%	162%	3 536 586		
Finance charges	35 595	35 595	35 595	35 595	32 481	32 481		(3 114)		100%	0%	46 418	Waste pickers wages re-allocated to Salaries and Wages Councillor membership was terminated Improved internal controls and under spending on waste activities.	
Other expenditure	43 836 051	59 140 659.93	59 140 659.93	59 140 660	49 174 875	49 174 875		(9 965 785)		83%	112%	25 724 534		
Total Expenditure	67 175 069	84 021 419.93	84 021 420	84 021 420	74 407 642	74 407 642		(9 613 778)		89%	111%	46 171 903		
Surplus/(Deficit)	293 885	4 906 463	4 906 463	4 906 463	(3 551 315)	(3 551 315)		(8 457 778)		-72%	-1208%	1 066 966		
Transfers recognised - capital	15 073 000	24 733 738	24 733 738	24 733 738	22 679 499	22 679 499		(2 054 239)		92%	150%	13 942 352	Delays in construction due to heavy raises and un avoidable events Delays in construction due to heavy raises and un avoidable events Utilisation of reserves Delays in construction due to unavoidable events	
Accumulated Reserves	-	-	-	-	-	-		-				-		
Surplus/(Deficit) after capital transfers & contributions	15 366 885	29 640 201	29 640 201	29 640 201	19 128 184	19 128 184		(10 512 017)		65%	124%	15 009 318		
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-				-		
Surplus/(Deficit) for the year	15 366 885	29 640 201	29 640 201	29 640 201	19 128 184.33	19 128 184.33		(10 512 017)		65%	124%	15 009 318	Delays in construction due to heavy raises and un avoidable events Delays in construction due to heavy raises and un avoidable events Utilisation of reserves Delays in construction due to unavoidable events	
Capital expenditure & funds sources														
Capital expenditure														
Transfers recognised - capital	15 073 000	24 733 738	24 733 738	24 733 738	22 679 499	22 679 499		(2 054 239)		92%	150%	13 942 352		
Internally generated funds	293 885	4 906 463	4 906 463	4 906 463	293 838	293 838		(4 612 625)		6%	100%	1 176 649	Delays in construction due to heavy raises and un avoidable events Delays in construction due to heavy raises and un avoidable events Utilisation of reserves Delays in construction due to unavoidable events	
Total sources of capital funds	15 366 885	29 640 201.07	29 640 201	29 640 201	22 973 337	22 973 337		(4 612 625)		78%	149%	15 119 001		
Cash flows														
Cash/cash equivalents at the year beginning	21 341 177	21 341 177	21 341 177	21 251 616	21 251 616	21 251 616		-		100%	100%	21 341 177		
Net cash from (used) operating	18 200 000	238 000	238 000	238 000	17 422 906	17 422 906		17 184 906		7321%	96%	13 652 552	Delays in construction due to heavy raises and un avoidable events Delays in construction due to heavy raises and un avoidable events Utilisation of reserves Delays in construction due to unavoidable events	
Net cash from (used) investing	(15 366 885)	(29 640 201)	(29 640 201)	(29 640 201)	(22 973 337)	(22 973 337)		6 666 864		78%	149%	(13 690 442)		
Net cash from (used) financing	-	-	-	(66 724)	(66 724)	(66 724)		(66 724)		0%	0%	(51 670)		
Cash/cash equivalents at the year end	24 174 292	(9 061 024)	(9 061 024)	(8 150 585)	15 634 461	15 634 461		23 785 046		-192%	65%	21 251 616		

NTAMBANANA MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
For the year ended 30 June 2016

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-Cash Generating Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Function Between Entities Under Control
GRAP 106	Transfer of Function Between Entities Not Under Control
GRAP 107	Mergers

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the Grap standard and Directive 5 including any interpretations of such Statements issued by the Accounting Practices Board. These includes Grap 32 and Grap 108, not yet effective.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will not continue to operate as a going concern for the next 1 months and 10 days.

1.4 COMPARABLE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in as an additional statements to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 20 - Related party disclosures

GRAP 32 - Service concession arrangements: Grantor

GRAP 108 - Statutory receivables

GRAP 109 - Accounting by Principals and Agents

1.6 VALUE ADDED TAX (VAT)

The Municipality account in its records for VAT on Accrual Basis but to SARS on Cash basis Method, based on special exemption.

2 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date of when the financial statements are authorised for issue, the two types of events are described below. Ref Grap 19.

(a) those that provide evidence of conditions that existed at reporting date (adjusting events after the reporting date); and

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). Reporting date means the date of the last day of the reporting period to which the financial statements relate.

3 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by South African Government.

As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national spheres of Government are considered to be related parties.

Key management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by management in their dealings with entity. Only transactions with related parties not arms length or not in the ordinary course of business are disclosed

4 COMMITMENTS

Commitments are future capital expenditure that the Municipality has committed to. Commitments are disclosed in Annual Financial Statements.

5 RISK MANAGEMENT

Municipality's activities expose it to a variety of financial risks (credit risk, Liquidity risk and Interest rate risk). Municipality has developed a comprehensive risk strategy in terms of Treasury Regulations 28.1 in order to Monitor and control these risks. Internal audit function reports quarterly to Audit and Risk Management Committee, an independent body that monitor risks and policies implemented to mitigate risks exposures. The risk management process relating to each of these risks is discussed under the headings below.

5.1 INTEREST RATE RISK

Municipality has no significant interest- bearing assets, Income and operating cash flow are substantially independent of changes in market interest rates.

5.2 CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any counter- party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk related to customers on an ongoing basis

5.3 LIQUIDITY RISK

Municipality manages liquidity risk through proper management of expenditure and proper budgeting and cash management procedures.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

6.2 SUBSEQUENT MEASUREMENT - COST MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

6.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost ~~less~~ accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

6.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<i>Infrastructure Assets</i>		<i>Other Assets</i>	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
Community Assets		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
Finance Lease Assets			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

6.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7 INTANGIBLE ASSETS

7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

7.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

7.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 INVESTMENT PROPERTY

8.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

8.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

9 FINANCIAL INSTRUMENTS

9.1 INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when and only when the entity becomes a party to the contractual provisions of the instruments. Financial instruments are initially recognised at fair value.

9.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, it is in accordance with Grap 104.

9.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by classifying the outstanding debts into three categories: Category A are government properties and those who owe less than 30 days. No provision is made for them. Category B is those who are irregular payers, and the debts are between 31 and 60 days. The provision is made at 25%. Category C are bad payers and the provision is at 50%.

9.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

9.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

10 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and - when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14 LEASES

14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15 REVENUE

15.1 REVENUE FROM EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- b) The amount of revenue can be measured reliably
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

MEASUREMENT

Revenue from exchange transactions is measured at fair value of the consideration received or receivable taking into account the amount of any trade discounts allowed by the municipality

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 EMPLOYEE BENEFITS

17.1 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

17.2 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

18 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

19 COMPARATIVE FIGURES

Where materially necessary, comparative figures have been reclassified and restated to conform to changes in presentation in the current year.

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements
for the year ended 30 June 2016

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash at bank

June 2016	June 2015
R	R
15 634 461	21 251 616
<u>15 634 461</u>	<u>21 251 616</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4054154293

Cash book balance at beginning of year

73 737	702 370
--------	---------

Cash book balance at end of year

287 862	73 737
---------	--------

Bank statement balance at beginning of year

73 737	708 695
--------	---------

Bank statement balance at end of year

287 862	73 737
---------	--------

Current Account (Call account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9116410562

Cash book balance at beginning of year

11 323 516	13 847 737
------------	------------

Cash book balance at end of year

8 267 075	11 323 516
-----------	------------

Bank statement balance at beginning of year

11 323 516	13 847 737
------------	------------

Bank statement balance at end of year

8 267 075	11 323 516
-----------	------------

Current Account (NEP account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9228120980

Cash book balance at beginning of year

188 400	181 133
---------	---------

Cash book balance at end of year

3 164 151	188 400
-----------	---------

Bank statement balance at beginning of year

188 400	181 133
---------	---------

Bank statement balance at end of year

3 164 151	188 400
-----------	---------

Current Account (Housing fund account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9234461881

Cash book balance at beginning of year

-	42 054
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Cash book balance at end of year

-	-
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Bank statement balance at beginning of year

-	42 054
---	--------

Bank statement balance at end of year

-	-
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NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

Current Account(Housing Project fund)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 4058836768

	R	R
Cash book balance at beginning of year	-	62 296
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	62 296
Bank statement balance at end of year	-	-

Current Account(Investment account)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 2073479155

Cash book balance at beginning of year	5 897 570	5 535 004
Cash book balance at end of year	-	5 897 570
Bank statement balance at beginning of year	5 897 570	5 535 004
Bank statement balance at end of year	-	5 897 570

Current Account(MIG)

ABSA Bank Limited - Durban La Lucia Branch: Account Number 9272964122

Cash book balance at beginning of year	3 768 393	970 583
Cash book balance at end of year	3 915 372	3 768 393
Bank statement balance at beginning of year	3 768 393	970 583
Bank statement balance at end of year	3 915 372	3 768 393

Cash on Hand

Total cash and cash equivalents

Total bank overdraft

15 634 461	21 251 616
-	-

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

2 TRADE RECEIVABLES FROM NON EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful	Net Balance
	R	Debts	R
		R	
Trade receivables as at 30 June 2016			
Service debtors			
Rates	2 021 406	(409 415)	1 611 991
Refuse			
	<u>2 021 406</u>	<u>(409 415)</u>	<u>1 611 991</u>
Trade receivables as at 30 June 2015	R	R	R
Service debtors			
Rates	1 524 980	(278 519)	1 246 461
Balance as at 30 June 2015	<u>1 524 980</u>	<u>(278 519)</u>	<u>1 246 461</u>

Rates: Ageing	2016	2015
Current (0 – 30 days)	61 906	85 476
31 - 60 Days	90 732	76 008
61 - 90 Days	81 065	72 726
91 - 120 Days	1 787 703	1 290 770
	<u>2 021 406</u>	<u>1 524 980</u>
Total Trade and other receivables	<u>2 021 406</u>	<u>1 524 980</u>

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	June 2016	June 2015
	R	R
Staff Debtors	-	162 593
MIG Grants	-	1 078 330
Finance Management Grant	-	7 728
MSIG Grants	-	13 349
Sports Grant	-	-
NEP Grants	-	-
Library Grant	-	-
Total Other Debtors	<u>-</u>	<u>1 262 000</u>

The fair value of Trade and Other Receivables approximates their carrying value.

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

4 PROPERTY PLANT AND EQUIPMENT

4.1 Details

Carrying Value as at 01 July 2015

	Land and Buildings	Vehicles	Furniture & Equipments	Community Assets	WIP	Total
	R	R	R	R	R	R
Cost/Revaluation	2 184 424	2 434 462	1 791 557	58 387 209	4 911 666	69 709 318
	3 557 531	3 930 362	5 578 924	64 455 980	4 911 665.59	82 434 463
	(1 373 107)	(1 495 900)	(3 787 366)	(6 068 771)	-	(12 725 145)

Accumulated depreciation and impairment losses

Acquisitions		3 964 950	2 619 286	5 695 303		12 279 539.31
Capital under Construction					15 322 490	15 322 489.84
Transfer to Finished Assets					(4 628 692)	(4 628 692)
Depreciation	(192 161)	(794 415)	(769 800)	(2 747 169)	-	(4 503 545)
Disposals						
Assets Impairments/ Write-off						
Cost/Revaluation	-	(22 230)	(198 184)	-	-	(220 415)
	-	13 709	188 566	-	-	202 275

Accumulated depreciation and impairment losses

as at 30 June 2016	1 992 263	5 596 475	3 631 425	61 335 343	15 605 464	88 160 970
Cost/Revaluation	3 557 531	7 873 082	8 000 025	70 151 283	15 605 463.71	105 187 386
	(1 565 268)	(2 276 607)	(4 368 600)	(8 815 940)	-	(17 026 415)

Accumulated depreciation and impairment losses

30 June 2015 - Restated

as at 01 July 2014

Cost/Revaluation	2 255 096	2 903 508	1 765 887	42 508 101	10 009 454	59 442 047
	3 434 832	3 930 362	4 973 547	46 354 686	10 009 454	68 702 882
	(1 179 736)	(1 026 854)	(3 207 660)	(3 846 585)	-	(9 260 835)

Accumulated depreciation and impairment losses

Acquisitions	122 699		614 540	18 101 294	(18 101 294)	737 239
Capital under Construction					13 003 505	13 003 505
Depreciation	(193 371)	(469 046)	(586 505)	(2 222 186)	-	(3 471 109)
Disposals						
Assets Impairments/ Write-off						
Cost/Revaluation	-	-	(2 365)	-	-	(2 365)
	-	-	(9 163)	-	-	(9 163)
	-	-	6 798	-	-	6 798

Accumulated depreciation and impairment losses

as at 30 June 2015	2 184 424	2 434 462	1 791 557	58 387 209	4 911 666	69 709 318
Cost/Revaluation	3 557 531	3 930 362	5 578 924	64 455 980	4 911 666	82 434 463
	(1 373 107)	(1 495 900)	(3 787 366)	(6 068 771)	-	(12 725 145)

Accumulated depreciation and impairment losses

The Fixed Asset Register is held at municipal offices

NTAMBANANA MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

5 INTANGIBLE ASSETS

Details	Computer Software R	Other* R	Total R
as at 01 July 2015	95 194	-	95 194
Cost at the beginning	246 118	-	246 118
Accumulated amortisation and impairment losses	(150 925)	-	(150 925)
Acquisitions	-	-	-
Amortisation	(55 750)	-	(55 750)
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2016	39 443	-	39 443
Cost at the end	246 118	-	246 118
Accumulated amortisation and impairment losses	(206 675)	-	(206 675)
30 June 2015			
as at 01 July 2014	60 532	-	60 532
Cost at the beginning	145 979	-	145 979
Accumulated amortisation and impairment losses	(85 447)	-	(85 447)
Acquisitions	100 140	-	100 140
Amortisation	(65 478)	-	(65 478)
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2015	95 194	-	95 194
Cost at the end	246 118	-	246 118
Accumulated amortisation and impairment losses	(150 925)	-	(150 925)

The Fixed Asset Register is held at municipal offices

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements
for the year ended 30 June 2016

	June 2016 R	June 2015 R
6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	1 025 701	177 997
Consumer Deposits - Half Hire	2 000	3 500
Retention Monies	1 603 683	923 593
Payments received in advance	182 542	159 448
Total creditors	2 813 926	1 264 539

The fair value of Trade and Other Payables approximates their carrying value.

7 VAT RECEIVABLES

Vat Receivable	1 625 330	968 562
Total vat receivable	1 625 330	968 562

The municipality is registered with SARS. VAT is payable on payment basis.

8 PROVISIONS

Performance bonus	192 980	180 355
Provision for leave	557 427	464 119
Employees Bonus Provision	278 397	255 156
Total Provisions	1 028 804	899 629,7

9 Finance Lease Liability

The municipality entered into a lease agreement with Capital Office Automation - Xerox for the period of three years.
The agreement ends on 31 October 2016

9.1 Product Type - Copier D125 - Serial No. 3909635542

Opening Balance	104 710	140 659
Additions	-	-
Redemptions	(46 412)	(35 949)
Balance at the end	58 299	104 710
Less: Current Portion of Lease Liability (Within one year)	(58 299)	(46 412)
Non Current Portion of Lease Liability (More than one year to five years)	-	58 299
Non Current Portion of Lease Liability (More than five years)	-	-
Total Minimum Lease Payments	58 299	104 710
Carrying Value of Leased Asset	58 333	93 333

9.2 Product Type - Copier 7855 - Serial No. 3913723227

Opening Balance	45 825	61 547
Additions	-	-
Redemptions	(20 313)	(15 722)
Balance at the end	25 513	45 825
Less: Current Portion of Lease Liability (Within one year)	(25 513)	(20 313)
Non Current Portion of Lease Liability (More than one year to five years)	-	25 513
Non Current Portion of Lease Liability (More than five years)	-	-
Total Minimum Lease Payments	(20 313)	(15 722)
Carrying Value of Leased Asset	23 333	40 833

At the reporting date the entity has outstanding commitments under operating

9.3 leases which fall due as follows:

Finance leases - Lessee

Within one year	32 696	98 088
In the second to fifth year Inclusive	-	32 696
After five years	-	-
Total	32 696	130 784

Total future minimum sublease payment expected to be received under non-cancellable sublease

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

	June 2016 R	June 2015 R
10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
10.1 Unspent Conditional Grants from other spheres of Government		
NEP Grants		
MSIG Grants		
Housing grants		
Corridor Grants	1	230 947
Waste Management Grant	1 436 585	7 142 217
Sports Grant		2 248 935
Community library services grant		
Expanded Public Works Programmes		15 464
Lottary Grant	266 504	266 504
Finance Management Grant		
Municipal Infrastructure Grant		
Total Unspent Conditional Grants and Receipts	1 703 090	9 904 068
Non-current unspent conditional grants and receipts	-	-
11 PROPERTY RATES		
11.1 Actual		
Billing	2 691 264	2 694 997
Less: income forgone		
Rebates		
Remission	(1 355 305)	(1 372 389)
Total property rates	1 335 958	1 322 608
Property rates - penalties imposed and collection charges		
Total	1 335 958	1 322 608
11.2 Valuations		
Commercial	2 075 600	2 075 600
Residential	22 300 000	22 300 000
Agriculture	144 398 000	144 398 000
Government/State	146 473 000	146 473 000
Municipal (Ingonyama Trust land)	75 866 000	75 866 000
Total Property Valuations	391 112 600	391 112 600
Valuation on Properties are conducted on the Quartely Basis.		
12 RENTAL OF FACILITIES AND EQUIPMENT		
Exchange Transactions		
Rent- Internal	18 585	27 336
Heatonberry farm rental		
Total rentals	18 585	27 336
13 INTEREST EARNED - CASH AND CASH EQUIVALENTS		
Bank	1 503 255	1 323 666
Total Interest	1 503 255	1 323 666
14 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Rates -debtors	119 882	95 549
Total Interest	119 882	95 549

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the period ended 30 June 2016

	June 2016 R	June 2015 R
15 GOVERNMENT GRANTS AND SUBSIDIES (conditions met)		
Community library service	170 000	144 050
Corridor Development	230 947	950 438
Equitable share	42 362 000	30 881 000
Expanded Public Works Programme Grant	1 478 464	1 760 460
Finance Management Grant	1 792 272	1 773 158
Infrastructure Sports facility	2 248 935	151 064
Library Grant	553 000	502 957
MIG Grant	13 994 670	12 839 558
MSIG Grant	916 651	948 776
National Lottery Grant	-	1 102 793
INEP Grant	8 800 000	-
Refuse removal Grant	17 595 053	7 078 355
Total Government Grant and Subsidies	90 141 992	58 132 611
15.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly FBE, which is funded from the Equitable share grant.	42 362 000	30 881 000
15.2 MIG Grant		
Balance unspent at beginning of year	(1 078 330)	(906 772)
Current year receipts	15 073 000	12 668 000
Conditions met - transferred to revenue	(13 994 670)	(12 839 558)
Conditions still to be met - remain liabilities	-	(1 078 330)
15.3 MSIG Grant		
Balance unspent at beginning of year	(13 349)	1 427
Current year receipts	930 000	934 000
Conditions met - transferred to revenue	(916 651)	(948 776)
Conditions still to be met - remain liabilities	-	(13 349)
15.4 NEP Grant		
Balance unspent at beginning of year	-	(29 298)
Current year receipts	8 800 000	-
Conditions met - transferred to revenue	(8 800 000)	29 298
Conditions still to be met - remain liabilities	-	-
15.5 National lottery Grant		
Balance unspent at beginning of year	266 504	1 369 298
Current year receipts	-	-
Conditions met - transferred to revenue	-	(1 102 793)
Conditions still to be met - remain liabilities	266 504	266 504
15.6 Sport facility Grant		
Balance unspent at beginning of year	2 248 935	525 000
Current year receipts	-	1 875 000
Conditions met - transferred to revenue	(2 248 935)	(151 064)
Conditions still to be met - remain liabilities	-	2 248 935
15.7 Corridor Development Grant		
Balance unspent at beginning of year	230 947	1 181 385
Current year receipts	-	-
Conditions met - transferred to revenue	(230 947)	(950 438)
Conditions still to be met - remain liabilities	1	230 947

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

	June 2016	June 2015
	R	R
15.08 EPWP		
Balance unspent at beginning of year	15 464	4 924
Current year receipts	1 463 000	1 771 000
Conditions met - transferred to revenue	(1 478 464)	(1 760 460)
Conditions still to be met - remain liabilities	-	15 464
15.09 Finance Management Grant		
Balance unspent at beginning of year	(7 728)	(34 570)
Current year receipts	1 800 000	1 800 000
Conditions met - transferred to revenue	(1 792 272)	(1 773 158)
Conditions still to be met - remain liabilities	-	(7 728)
15.10 Waste management Grant		
Balance unspent at beginning of year	7 142 217	11 365 993
Current year receipts	11 889 421	2 854 579
Conditions met - transferred to revenue	(17 595 053)	(7 078 355)
Conditions still to be met - remain liabilities	1 436 585	7 142 217
15.11 Library Grant		
Balance unspent at beginning of year	-	(78 724)
Current year receipts	553 000	535 000
Conditions met - transferred to revenue	(553 000)	(456 276)
Conditions still to be met - remain liabilities	-	-
15.12 Community Library service Grant		
Balance unspent at beginning of year	-	64 731
Current year receipts	170 000	126 000
Conditions met - transferred to revenue	(170 000)	(190 730)
Conditions still to be met - remain liabilities	-	-
16 OTHER INCOMES		
Tender Monies	19 737	53 333
Hall hire	19 095	12 281
Sundry income	17 933	36 024
LG SETA Refund	37 722	27 373
Penalties - Construction Contracts	219 017	150 441
Retention Income	102 711	-
Total Other Income	416 154	279 452
17 EMPLOYEE RELATED COSTS		
Bonus	751 489	664 330
Employee related costs - Salaries and Wages	12 303 227	8 928 627
Employee related costs - Contributions for UIF, pensions and medical aids	1 702 601	1 704 770
Travel, motor car, accommodation, subsistence and other allowances	1 204 463	1 131 319
Housing benefits and allowances	40 220	34 452
Overtime payments	221 281	211 052
Other employee related costs	197 127	163 606
Employee Related Costs	16 420 408	12 838 156

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

	June 2016 R	June 2015 R	
Remuneration of the Municipal Manager			
Annual Remuneration			
Performance- bonuses			
Travel, motor car, accommodation, subsistence and other allowances			
Back pay			
Contribution to UIF			
Mr Mnguni resigned as the municipal manager with effect from 31 December 2012			
The following officials acted as Municipal Managers:			
Miss TRN Myeza (Chief Financial Officer) - 2013 January 02 to 2013 June 30			
Mrs NV Nsele (Director Corporate and Community Services) 2013 August 15 to 2014 February 14			
Mr FS Mazibuko (Manager: Human Settlements) - 2014 February 16 to todote.			
Remuneration of the Chief Financa Officer			
Annual Remuneration	689 213	659 113	
Acting Allowance	-	-	
Performance- bonuses	96 490	90 177	
Travel, motor car, accommodation, subsistence and other allowances	209 719	197 650	
Long Service awards	-	-	
Contribution to UIF	-	-	
	995 422	946 940	
Remuneration of the Director Corporate and Community services			
Annual Remuneration	689 213	659 113	
Performance- bonuses	96 490	90 177	
Travel, motor car, accommodation, subsistence and other allowances	223 987	194 791	
Acting Allowance	-	-	
Back pay	-	-	
Contributions to UIF	-	-	
	1 009 690	944 082	
Remuneration of Individual Executive Directors	Executive services	Corporate Services	Financial Services
2016			
Annual Remuneration	-	689 213	689 213
Acting Allowance	-	-	-
Performance- and other bonuses	-	96 490	96 490
Travel, motor car, accommodation, subsistence and other allowances	-	223 987	209 719
Contributions to UIF, Medical and Pension Funds	-	-	-
Long Service Award	-	-	-
Acting Allowance	-	-	-
Total	-	1 009 690	995 422
2015			
Annual Remuneration	-	659 113	659 113
Acting Allowance	-	-	-
Performance- and other bonuses	-	90 177	90 177
Travel, motor car, accommodation, subsistence and other allowances	-	194 791	197 650
Contributions to UIF, Medical and Pension Funds	-	-	-
Long Service Award	-	-	-
Acting Allowance	-	-	28 995
Total	-	944 082	975 935

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

	June 2016 R	June 2015 R
18 REMUNERATION OF COUNCILLORS		
Mayor	272 319	258 971
Cell allowance	320 962	328 787
Mobile Data Card Allowance	55 500	56 720
Councillors	2 635 015	2 529 352
Travel allowance	918 648	852 379
Total Councillors' Remuneration	4 202 443	4 026 209
In-kind Benefits		
The Mayor is provided with an office and secretarial support at the cost to the Council. The Mayor has a full time driver provided by the council.		
19 DEPRECIATION AND AMORTISATION EXPENSE		
Buildings	192 160.95	193 371
Furniture and Fittings	577 883.91	395 288
Equipment	191 915.73	191 217
Community Facilities	2 019 466.34	1 632 723
Sport facilities	727 702.39	589 463
Motor vehicles	794 415.39	469 046
Intangible Assets	55 750.44	65 478
Total Depreciation and Amortisation	4 559 295	3 536 586
20 REPAIRS AND MAINTANANCE		
Repairs and Maintenance Buildings	2 435 775	714 213
Repairs and Maintenance Computer Equipment	1 999	1 188
Repairs and Maintenance Furniture and Equipment	1 040	10 748
Repairs and Maintenance Motor Vehicles	379 593	399 309
Total Repairs and Maintenance	2 818 406	1 125 458
Amounts above includes payments made to service providers		
21 GENERAL EXPENSES		
Included In general expenses are the following:-		
Advertising	51 044	71 447
Archive	20 432	33 742
Bad Debt Written Off	162 593	-
Bank charges	43 006	34 763
Community Engagement	1 512 398	942 987
Conferences and delegations	28 830	66 350
Electricity and water	250 547	221 240
External Audit fees	1 115 862	1 017 189
Free basic energy	991 946	734 297
Fuel and oil	640 076	694 741
Financial Management and Support Systems	353 293	316 143
Insurance	400 298	347 595
Internal audit fees	616 032	464 365
LED Programmes	207 087	80 739
Legal expenses	26 041	176 227
Levies and membership fees	955 245	1 013 030
Licence fees	39 095	2 500
Municipal Systems	709 973	342 465
Pauper Burial	478 968	355 954
Postage	7 791	3 529
Printing and stationery	356 380	322 328
Professional fees	1 440 058	999 415
Publicity	626 231	300 577
Purchase of books	200	10 789
Refreshments	134 222	50 164
Refuse removal	7 791 349	3 490 337
Rent plant, vehicles and machinery	520 452	495 321
Sports	433 716	342 843
Staff Bursaries and Awards	135 397	159 218
Stores & Material	230 219	193 529
Students support	114 000	126 000
Subsistence and travel allowance	1 311 646	928 264
Telephone cost	548 076	485 898
Training	826 103	926 058
Uniforms and protective clothing	141 748	109 787
Ward Committees	902 000	396 960
Youth Council	381 837	83 582
	24 504 191	16 340 373

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

	June 2016	June 2015 R
22 CONTRACTED SERVICES		
Cleaning Services	221 779	191 990
Fire Services	1 866 353	1 826 494
IT Support	184 575	160 393
Security	853 382	843 625
	<u>3 126 089</u>	<u>3 022 502</u>
23 COMMUNITY PROJECTS		
Moringa and Essential Oil Projects	226 490	897 640
National Electrification Programme	17 685 638	1 655 332
Drought Relief and Communal Dams	551 240	2 470 379
	<u>18 465 368</u>	<u>5 023 351</u>
24 FINANCE CHARGES		
Finance charges relate to Lease agreement with capital Office Automation		
Product Type - Copier 7855 - Serial No. 3913723227	22 914	32 259
Product Type - Copier D125 - Serial No. 3909635542	9 567	14 158
	<u>32 481</u>	<u>46 418</u>
25 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	19 128 184	15 009 318
Adjustment for:-		
Depreciation and amortisation	4 559 295	3 536 586
Bad debt written off	162 593	-
Contribution to provisions - current	260 821	210 487
Finance income	(1 623 137)	(1 419 215)
Prior Year Adjustment	-	-
Penalties: Construction Contracts	(219 017)	(150 441)
Retention Income	(102 711)	-
Other non-cash item	18 140	2 365
Finance Charges	32 481	46 418
Operating surplus before working capital changes:	22 216 650	17 235 518
(Increase)/decrease in inventories	-	-
(Increase)/decrease in consumer receivables	(496 426)	(371 183)
Increase/(decrease) in Provisions	59 250	66 251
(Increase)/decrease in other receivables	1 262 000	(28 701)
(Increase)/decrease in VAT receivable	(656 768)	403 644
Increase/(decrease) in Unspent Conditional Grants	(8 200 978)	(4 608 689)
Increase/(decrease) in trade payables	1 549 388	(321 536)
Cash generated by/(utilised in) operations	15 733 116	12 375 304

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

June 2016 **June 2015**
R

26 CORRECTION OF ERROR

26.1 The error as a result of classifying WIP Opening Balance as completed works

The comparative amount has been restated as follows:

Increase in Work In Progress	-	113 907
Decrease in Completed Assets	-	(113 907)
Net effect on Accumulated surplus opening balance	-	-

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

27 EXTERNAL AUDIT FEES

Previous Years Audit Fees - Unpaid	5 024	32 453
Current year audit fee	1 115 862	1 017 189
Amount paid - current year	(1 115 862)	(1 012 165)
Amount paid - previous years	(5 024)	(32 453)
Balance unpaid (included in payables)	-	5 024

28 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

29 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	2 832 296	2 544 581
Amount paid - current year	(2 832 296)	(2 544 581)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

30 Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and Council Contributions	2 624 245	2 405 768
Amount paid - current year	(2 624 245)	(2 405 768)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

31 Councillor's arrear consumer accounts

No amounts were owed by Councillors at the end of the financial year

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

June 2016

June 2015

32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure
Community
Heritage
Other

	3 668 248	3 324 822
	-	-
	3 668 248	3 324 822
	-	-
	-	-

- Approved but not yet contracted for

Infrastructure
Community
Heritage
Other

	-	12 042 017
	-	-
	-	12 042 017
	-	-
	-	-

Total

	3 668 248	15 366 838
--	-----------	------------

This expenditure will be financed from:

- External Loans
- Government Grants
- Own resources
- Lottery Grants

	-	15 079 000
	3 133 383	293 838
	594 865	-
	3 668 248	15 366 838

33 IRREGULAR EXPENDITURE

Irregular expenditure disclosed below result from contracts extensions that were

above 20% of original contract value, customised trainings and emergence callouts.

Opening Balance

Telephonic Services

Security Services

Financial System

Insurance

Website Hosting

Fire Services

IT Support

Esisingeni Creche

Trainings

Grader Maintenance

Electrical Repairs

Closing Balance

	1 467 744	-
	-	81 694
	853 382	843 625
	-	157 320
	349 443	341 905
	43 200	43 200
	1 397 853	-
	167 362	-
	925 901	-
	188 247	-
	26 752	-
	29 070	-
	5 448 954	1 467 744

34 LITIGATIONS

34.1 Case No. 8793/2013

The matter between the member of executive council for KwaZulu Natal for Co-Operative Governance and Traditional Affairs (APPLICANT) and Ntambanana Local Municipality (FIRST RESPONDANT) and James Nkosi Nathi Madondo (SECOND RESPONDENT)

The verdict

That the second respondent appointment was null and void, in terms of Local Government: Municipal Systems Act no. 32 of 2000, Section 54 A (4) (b), that the second respondent was not a suitable candidate for the post as Municipal manager.

The Appeal

The case is currently under appeal.

35 Going Concern

The municipal annual financial Statements were prepared on the going concern assumption.

36 Vacant Post: Municipal Manager

Ntambanana Municipal Council on its meeting held on 2014 July 04 resolved as follows:

a) That the acting period for the Interim Acting Municipal Manager, Mr FS Mazibuko (Manager Human Settlements), be extended till further notice while the municipal council is addressing the issue of the municipal manager.

b) That the Mayor be mandated to request the MEC for Cogta to waive any conditions that prevent the Acting Municipal manager to act for a period that exceed the further three months already granted.

c) That if (b) above by the MEC, a request be made to her to consider the name of Mr FS Mazibuko for secondment as per section 54(6)(a) of the Municipal systems act 2000.

NTAMBANANA MUNICIPALITY
Notes to the Annual Financial Statements (Continued)
for the year ended 30 June 2016

37 FINANCIAL RISK MANAGEMENT

Exposure to interest rate, credit and liquidity risk arises in the normal course of the municipal operations. This note presents information about the municipal exposure to the above mentioned risks processes for ensuring and managing risk. For quantitative disclosures please see note 1; 2; 3; 6; 9 and 10.

The accounting policy for financial instruments was applied to the following Financial Position line items

	June 2016	June 2015
Financial Assets		
Cash and Cash Equivalents	15 634 461	21 251 616
Trade and Other Receivables	1 611 991	1 246 461
Other Receivables	-	1 262 000
	<u>17 246 451</u>	<u>23 760 077</u>
Financial Liabilities		
Trade and Other Payables	2 813 926	1 264 539
Borrowings - Short Term	1 786 901	9 970 792
Borrowings - Long Term	23 333	83 811
	<u>4 624 160</u>	<u>11 319 142</u>

37.1 Liquidity Risk

Liquidity Risk is the risk that the municipality not being able to meet its obligation as they fall due. The municipal approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its obligations when due, without incurring unacceptable losses or risking damage to the municipal reputation. The municipal ensures that it has sufficient cash on hand to meet its obligations through the use of cash flow forecasts

The Liquidity risk was assessed to be immaterial by management for the Financial Year under review

37.2 Credit Risk

Credit Risk is the risk of financial loss to the municipality if customers and counterparties to the financial instruments fail to meet their obligations, and arises from receivables and cash and cash equivalents.

The maximum credit exposure as at 30 June 2016

Cash and Cash Equivalents	15 634 461	21 251 616
Trade and Other Receivables	1 611 991	1 246 461
Other Receivables	-	1 262 000
	<u>17 246 451</u>	<u>23 760 077</u>

37.3 Interest Rate Risk

The municipality banks with only reputable banks in South Africa and municipality does not trade internationally.

38 Deviation from Normal SCM

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/ condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Advert: Local News Paper	50 684	-
Electrification Project: Normal SCM Impractical due to limited time	12 477 104	-
Vehicle Maintenance: Approved Local Service Provider	103 496	-
Transport Services: Sole Route Service Provider	63 000	-
	<u>12 694 284</u>	<u>-</u>

39 Events After Reporting Date

Ntambanana municipality was de-established by Municipal Demarcation Board and its jurisdiction was merged with uMhlethuze, uMfolozi and uMthonjaneni Municipalities after the August 3, 2016 Local Government elections.

NTAMBANANA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2016

	Cost / Revaluation		Under Construction	Closing Balance	Sum of opening including backlog depreciation	Accumulated Depreciation		Carrying Value
	Opening Balance	Additions				Depreciation	Assets Written Off	
	R	R	R	R	R	R	R	R
Community Assets								
Community Halls	48 085 416	5 619 537	296 224	54 001 177	(3 931 149)	(2 019 466)	-	48 050 562
Sports Grounds	21 282 230	75 766	10 397 574	31 755 570	(2 137 622)	(727 702)	-	28 890 246
	69 367 646	5 695 303	10 693 798	85 756 747	(6 068 771)	(2 747 169)	-	76 940 807
Other Assets								
Land and Buildings	3 557 531	-	-	3 557 531	(1 973 107)	(192 161)	-	1 992 263
Furniture and fittings & Equip	3 909 486	2 568 594	-	6 285 443	(2 585 654)	(577 884)	184 081	3 305 985
Office equipment	1 669 438	50 692	-	1 714 583	(1 201 712)	(191 916)	4 485	325 440
Motor vehicles	3 950 362	3 964 950	-	7 873 082	(1 495 900)	(794 415)	13 709	5 596 475
	13 066 817	6 584 236	-	19 430 638	(6 656 374)	(1 756 376)	202 275	11 220 163
Total carried forward	82 434 463	12 279 539	10 693 798	105 187 386	(12 725 145)	(4 503 545)	202 275	88 160 970

NTAMBANANA MUNICIPALITY

APPENDIX B

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2016

	Cost / Revaluation					Accumulated Depreciation				Carrying value R		
	Opening Balance		Additions	Disposals	Under Construction	Closing Balance	Opening Balance		Additions		Disposals	Closing Balance
	R	R	R	R	R	R	R	R	R		R	R
Executive & Council	82 434 463	12 279 539	(220 415)	10 693 798	105 187 386	(12 725 145)	(4 503 545)	202 275	(17 026 415)	88 160 970		
Finance & Admin												
Planning & Development												
Health												
Community & Social Services												
Public Safety												
Sport & Recreation												
Environmental Protection												
Waste Management												
Road Transport												
Water												
Electricity												
Other												
Total	82 434 463	12 279 539	(220 415)	10 693 798	105 187 386	(12 725 145)	(4 503 545)	202 275	(17 026 415)	88 160 970		

APPENDIX C
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2016

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NTAMBANANA MUNICIPALITY
APPENDIX D

GRANT REGISTER FOR THE YEAR ENDED 30 JUNE 2016

DESCRIPTION	R	R	R	R	R	R
	OPENING BALANCE	RECEIPTS	PAYMENTS	CLOSING BALANCE	COMMITMENTS	
Refuse Removal	7 142 217	11 889 421	(17 595 053)	1 436 585	(1 436 585)	
Integrated Electrification Programme Grant	-	8 800 000	(8 800 000)	-	-	
Municipal Infrastructure Grant	(1 078 330)	15 073 000	(13 994 670)	-	-	
Municipal Systems Improvement Grant	(13 349)	930 000	(916 651)	-	-	
Financial Management Grant	(7 728)	1 800 000	(1 792 272)	-	-	
Provincialisation of Libraries Grant	-	553 000	(553 000)	-	-	
Infrastructure - Sport Facilities Grant	2 248 935	-	(2 248 935)	-	-	
Community Library Services Grant	-	170 000	(170 000)	-	-	
Expanded Public Works Programme Grant	15 464	1 463 000	(1 478 464)	266 504	(266 504)	
National Lottery Grant	266 504	-	-	-	-	
Support for Thusing Centres	-	-	-	-	-	
Security for MPCC's	-	-	-	-	-	
Housing Grant	-	-	-	-	-	
Corridor Development	230 947	-	(230 947)	1	(1)	
Total	8 804 661	40 678 421	(47 779 992)	1 703 090	(1 703 090)	

NTAMBANANA MUNICIPALITY

Appendix E
Schedule of External Loans as at 30 June 2016

Description	Loan Number	Redemption Date	R				R			
			Balance at 01/07/2015	Received during the Year	Redeemed during the Year	Written off during the Year	Balance at 30/06/2016			
Long-Term Loans										
N/A			-	-	-	-	-			
Annuity Loans			-	-	-	-	-			
N/A			-	-	-	-	-			
Government Loans			-	-	-	-	-			
N/A			-	-	-	-	-			
Lease Liability										
Capital Office Automation	3909635542	2016/11/01	104 710	-	(46 412)	-	58 299			
Capital Office Automation	3913723227	2016/11/01	45 825	-	(20 313)	-	25 513			
			150 535	-	(66 724)	-	83 811			
			150 535	-	(66 724)	-	83 811			

NTAMBANANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

Financial Ratios

	June 2016	June 2015
1 Capital Expenditure to Total Expenditure		
Capital Expenditure	22 973 337	13 740 744
Total Expenditure	97 380 978	59 912 647
	23.59%	22.93%
2 Impairment of PPE, Investment Properties and Intangible Assets		
Impairment Loss	18 140	2 365
Capital Assets	88 200 414	69 804 511
	0.02%	0.00%
3 Repairs and Maintenance on PPE and Investments Properties		
Repairs and Maintenance	2 818 406	1 125 458
Capital Assets	88 200 414	69 804 511
	3.20%	1.61%
4 Collection Rate		
Opening Balance: Debtors	1 524 980	1 153 796
Billing Revenue	1 335 958	1 322 608
	2 860 938	2 476 405
Less: Closing Balance	(2 021 406)	(1 524 980)
	839 532	951 425
Billing Revenue	1 335 958	1 322 608
	62.84%	71.94%
5 Current ratio		
Current Assets	18 871 782	24 728 639
Current Liabilities	5 629 631	12 134 960
	3 : 1	2 : 1
6 Acid Test ratio		
(Current Assets - Inventory)	18 871 782	24 728 639
Current Liabilities	5 629 631	12 134 960
	3 : 1	2 : 1
7 Own funded Capital Expenditure		
Own Capital Expenditure	293 838	1 176 649
Total Capital expenditure	22 973 337	13 740 744
	X 100	X 100
	1.28%	8.56%
8 Remuneration as a % of Total Operating expenditure		
Salaries and Wages	16 420 408	12 838 156
Councillors allowances	4 202 443	4 026 209
	20 622 850	16 864 365
Total Operating Expenditure	74 407 642	46 171 903
	X 100	X 100
	27.72%	36.53%